

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 04732 241610Z

46

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 EB-07 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01

CEA-01 L-02 H-01 AGR-05 FEAE-00 INT-05 SAJ-01 PRS-01

PA-01 USIA-06 /103 W

----- 023311

R 241546Z FEB 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6932

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE PARIS 04732

E.O. 11652: N/A

TAGS: EGEN, EFIN, FR

SUBJECT: VIEWS OF FRENCH PATRONAT ON EXCHANGE RATE OF
DOLLAR

1. LUNCH HOSTED BY FRANCOIS CEYRAC, PRESIDENT OF FRENCH
PATRONAT, FOR AMBASSADOR PRESENTED OPPORTUNITY FOR TIMELY
EXCHANGE OF VIEWS WITH SENIOR PATRONAT OFFICIALS ON
QUESTIONS OF CURRENT INTERNATIONAL ECONOMIC IMPORTANCE.
IT QUICKLY BECAME CLEAR THAT PRINCIPAL CONCERN OF
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 04732 241610Z

PATRONAT AT PRESENT TIME IS WEAKNESS OF THE DOLLAR AND

COMPETITIVE ADVANTAGE THEY FEEL THIS GIVES U.S. EXPORTS.
IN FACT, THIS WAS MAIN SUBJECT OF CONVERSATION DURING
LUNCH.

2. CEYRAC SAID THAT IN HIS OPINION THE DOLLAR WAS
ALREADY OVERVALUED AT 4.40 FRENCH FRANCS (THE CURRENT
RATE IS ABOUT 4.28). JACQUES FERRY, HEAD OF THE
ASSOCIATION OF THE IRON AND STEEL INDUSTRY AND PATRONAT
VICE PRESIDENT FOR INTERNATIONAL RELATIONS, WARNED THAT
IF SOMETHING WAS NOT DONE TO STABILIZE THE EXCHANGE RATE
OF THE DOLLAR, THERE WAS A SERIOUS RISK OF MONETARY
CHAOS AND TRADE PROTECTIONISM. HE SAID THE WEAKNESS OF
THE DOLLAR HAD DIRECT IMPLICATIONS FOR THE MTN: RETURNING
TO A THEME WHICH WAS WIDELY PLAYED IN FRANCE DURING THE
PREVIOUS PERIOD
OF DOLLAR WEAKNESS IN THE SUMMER OF
1973, HE WARNED THAT NATIONS COULD NOT BE EXPECTED TO
REDUCE TARIFF PROTECTION IN THE MTN IF, AT THE SAME TIME,
THE U.S. ENJOYED A COMPETITIVE ADVANTAGE THROUGH THE
DEPRECIATION OF ITS CURRENCY. HE SAID IF THE PRESENT
WEAKNESS OF THE DOLLAR CONTINUED OR INCREASED, WE COULD
EXPECT THE EC REPRESENTATIVES IN THE MTN TO REVIVE THE
L973 DEBATE ABOUT THE LINK BETWEEN THE TRADE NEGOTIA-
TIONS AND THE MONETARY SITUATION. "IF NO ONE ELSE DOES
IT," HE SAID, "THE FRENCH WILL."

3. THE AMBASSADOR REMINDED FERRY THAT A FUNDAMENTAL
CAUSE OF THE ECONOMIC DISORDER WHICH BEGAN IN THE LATE
L960'S WAS THE OVERVALUATION OF THE DOLLAR. AS THE
RESULT OF TWO DEVALUATIONS, THE DOLLAR WAS AT A MORE
SUSTAINABLE PARITY. ANSWERING FERRY'S CALL FOR A RETURN
TO SOME KIND OF EXCHANGE RATE STABILITY, THE AMBASSADOR
SAID THAT THERE WAS SIMPLY NO ALTERNATIVE TO FLOATING
RATES IN THE PRESENT PERIOD OF GREAT ECONOMIC UNCER-
TAINTY AND, AS A MATTER OF FACT, THEY HAD WORKED QUITE
WELL.

4. COMMENT: WE REPORT THE VIEWS OF THE PATRONAT BECAUSE
IT IS EVIDENT, PARTICULARLY TAKEN IN CONJUNCTION WITH
THE STATEMENTS OF FINANCE MINISTER FOURCADE AT THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 04732 241610Z

FEBRUARY L8 DINNER OF THE AMERICAN CHAMBER IN FRANCE
(PARIS 04378), THAT THIS IS A MATTER OF GROWING CONCERN
TO THE FRENCH AUTHORITIES AND ONE WHICH WE MAY BE
HEARING MORE OF IN GENEVA IN THE WEEKS AHEAD.
RUSH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOLLAR, FOREIGN EXCHANGE RATES, SOCIAL RECEPTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PARIS04732
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750064-1076
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750219/aaaaaqiq.tel
Line Count: 112
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by KelleyW0>; APPROVED <17 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VIEWS OF FRENCH PATRONAT ON EXCHANGE RATE OF DOLLAR
TAGS: EGEN, EFIN, FR, US, (CEYRAC, FRANCOIS)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006